

FRONTERA GENERATION LIMITED PARTNERSHIP

Order No. EA-206

I. BACKGROUND

Exports of electricity from the United States to a foreign country are regulated and require authorization under section 202(e) of the Federal Power Act (FPA) (16 U.S.C. §824a(e)).

On May 10, 1999, the Office of Fossil Energy (FE) of the Department of Energy (DOE) received an application from Frontera Generation Limited Partnership (Frontera) to transmit electric energy from the United States to Mexico. Frontera, and its general partner, CSW Frontera GP II, are wholly-owned subsidiaries of CSW Energy, Inc., a Texas corporation involved in the non-regulated generation and sale of electric power.

Frontera has constructed a 500-megawatt (MW), combined-cycle electric generating facility consisting of two gas-fired combustion turbine generators and one steam turbine generator. The powerplant is located west of Mission, Texas, in Hidalgo County and will operate as a merchant plant. Frontera planned and constructed the powerplant for the purpose of marketing the electrical output solely to the U.S. market. However, in response to a solicitation by the Comision Federal de Electricidad (CFE; the national electric utility in Mexico) for the purchase of electric power in CFE's Northeast control area, Frontera now intends to market a portion of the powerplant's electrical output to CFE.

The transmission facilities that will be used to export electric energy to Mexico will be those recently authorized by DOE in Presidential Permit PP-206, issued on July 12, 1999. Those facilities include a single, temporary 138,000-volt (138-kV) line that will connect the Frontera powerplant to CFE's Cumbres Substation. Subsequent to the construction of this temporary facility, Frontera will construct a permanent, double-circuit 230-kV transmission line to replace the 138-kV facility. In its export application, Frontera claims that at no time would it export electric energy to CFE over a combination of both the 138-kV and the 230-kV facilities.

Notice of the Frontera export application was placed in the *Federal Register* on May 19, 1999, (64 FR 27246) requesting that comments, protests, and petitions to intervene be submitted to the DOE by June 18, 1999. None were received.

II. FINDING

DOE has assessed the impact that the proposed export would have on the reliability of the U.S. electric power supply system. DOE has determined that the export of electric energy to Mexico as requested by Frontera would not impair the sufficiency of electric power supply within

the United States and would not impede or tend to impede the coordination in the public interest of facilities within the jurisdiction of DOE. An analysis in support of this finding has been made a part of the record in this docket.

DOE has also determined that the export of electric energy by Frontera clearly would not constitute a major Federal action which could significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969. DOE has documented the rationale supporting this finding in a Finding of No Significant Impact, dated July 9, 1999.

III. ORDER

Based on the above, it is hereby ordered that Frontera is authorized to export electric energy to Mexico under the following terms and conditions:

(A) Exports made by Frontera pursuant to this Order shall be transmitted from the United States to Mexico only over the international electric transmission facilities authorized by Presidential Permit PP-206. Frontera may export electric energy over either the 138-kV or the 230-kV facilities authorized by that permit. However, under no circumstances may Frontera export electric energy using a combination of these facilities simultaneously. Exports authorized herein shall be limited to a maximum rate of transmission of:

- (1) 200 MVA (180 MW at a 90 percent power factor) when using the 138-kV facilities, and
- (2) 600 MVA (540 MW at a 90 percent power factor) when using the 230-kV facilities.

(B) The electric energy Frontera is authorized to export to Mexico pursuant to this Order shall be supplied solely from the Frontera Generating Station located in Hidalgo County, Texas.

(C) In scheduling the delivery of electricity exports to Mexico, Frontera shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Council, the Electric Reliability Council of Texas, or independent system operators, as appropriate on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(D) Frontera shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the Federal Power Act and pertinent rules, regulations, and orders adopted or issued thereunder.

(E) This authorization shall be without prejudice to the authority of any State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

(F) The authorization herein granted may be modified from time to time or terminated by further order of the DOE, but in no event shall such authorization extend beyond the date of termination or expiration of Presidential Permit PP-206.

(G) Frontera shall make and preserve full and complete records with respect to the electric energy exported to Mexico. Frontera shall furnish annual reports to the DOE by February 15 of each year, detailing for each month of the previous calendar year: (1) the gross amount of electricity delivered, in kilowatt-hours; (2) the consideration received for such energy; and (3) the maximum hourly rate of transmission, in kilowatts. Annual reports must be filed regardless of current activity and whether or not deliveries of electric energy have been made. If no transactions have been made, a one-sentence report indicating "no activity" is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified quarterly reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

(H) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall continue in effect temporarily. This continuance also is contingent on the filing of an application for permanent authorization within 60 days of the involuntary transfer; the authorization shall then remain effective until a decision is made on the new application. In the event of a proposed voluntary transfer of this authority to export electricity, the transferee and the transferor shall file jointly an application for a new export authorization, together with a statement of reasons for the transfer.

(I) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would impair or tend to impair the reliability of the U.S. electric power supply system.

Issued in Washington, D.C., on July 20, 1999.

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